

DOMAIN DISPUTES

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Overview

Amazon.com. GoDaddy.com. Pets.com. Some of the internet's best known business names and brands have been *domain names*. Conversely, many of the world's most recognized companies and products can be found on the internet by adding ".com" to the end of their business name (e.g., Apple.com) or trademark (e.g., BlackBerry.com).

As a technical matter, there is no necessary connection between web addresses and trademarks. Nevertheless, federal and state law, and domain registration agreements, recognize that consumers may be confused or deceived by the use of established brands or personal names as domain names. They also recognize, to varying degrees, that even a year-to-year registration of a domain name gives rise to some property-like rights that its owner can exercise to protect its ability to continue use of the domain name.

Key Points:

- ❑ Domain Names Similar to Trademarks are Subject to Challenge:
 - When used in connection with goods or services, under federal, state, and common law trademark, unfair competition, and anti-dilution law;
 - When used or registered in "bad faith," under the Anti-Cybersquatting Consumer Protection Act;¹⁴⁶ or
 - When used and registered in "bad faith," for certain domains, through a private arbitration proceeding under the Uniform Domain Name Dispute Resolution Policy (UDRP)¹⁴⁷ (reviewable *de novo* in District Court).

- ❑ Domain Names Consisting of Personal Names are Subject to Challenge:
 - When registered for resale, under the Anti-Cybersquatting Consumer Protection Act (living persons only); or
 - When used or registered in "bad faith," under California Bus. & Prof. Code § 17525 et seq. (living persons and deceased personalities).

- ❑ Both trademark claims and the assessment of "bad faith" are subject to competing intellectual property rights and free speech rights, making individual determinations unusually unpredictable.

¹⁴⁶ 15 U.S.C. § 1125(d).

¹⁴⁷ See <http://www.icann.org/urdp>.

Discussion

Background: The Domain Name System

An individual or company, the *registrant*, applies for a domain name through a *registrar*, such as Network Solutions or GoDaddy. This generally requires that they enter into a contract governing the conditions and duration of use of the domain name with the registrar. The registrar will secure registration with the appropriate *registry* for the corresponding top level domain (“TLD,” e.g., “.com” in “newco.com”). The customer may purchase other services from the registrar, such as email and web hosting services, or may secure those services elsewhere. Either way, the registrar is responsible for providing address information that allows internet users to find the correct servers.

All communications on the internet are routed by numeric addresses known as “internet protocol” or IP addresses. The domain name system (“DNS”) provides for a transparent conversion between a memorable web address such as “www.facebook.com” and the easily forgettable (and mistyped) IP address 69.63.180.14. When your browser requests a page from “www.latimes.com” or your mail server wishes to send a message to “feedback@sfgate.com,” one or more DNS servers provide the necessary numeric address to fulfill that request.

There is no single DNS server that can resolve all of the world’s domain names to their corresponding IP addresses. Instead, the information is divided among numerous servers, each of which is considered authoritative for certain information. Consider the case of “www.carrferrell.com.” The registry operator for the .com top level domain refers users to the DNS servers (also known as name servers) maintained by the registrar responsible for carrferrell.com, which directs users to the DNS servers for the web hosting company, which ultimately supplies the actual IP address for www.carrferrell.com.

In addition to twenty-one “generic” TLDs (“gTLDs”), such as .com, .org, and .gov, there are individual national TLDs (country-code TLDs, or “ccTLDs”), including .us, .uk, and .jp. Nations administer ccTLDs under their own policies, and while most require some geographic or legal nexus, some (such as .tv) are open to all applicants. The Internet Corporation for Assigned Names and Numbers (“ICANN”), a not-for-profit corporation which oversees the operation of DNS, plans to allow for a multitude of new gTLDs. These would be proposed by and awarded to potential registry operators not deterred by the \$185,000 application fee.

Domain Names and Trademarks

Domain names may act as identifiers for web businesses, but they differ fundamentally from trademarks. Domain names are globally unique, allocation is based on a first-

come, first-served principle regardless of prior similar domain name registrations, and ownership can be maintained through payment of an annual fee. By contrast, multiple companies can use the same trademark without confusion for different product or in different geographic markets, their rights arise from use and from registration subject to prior similar marks, and rights may be abandoned through non-use even if registration is nominally maintained.

To reconcile these differences, the principles of trademark, unfair competition, and anti-dilution law are applied on a case-by case basis, after domain registration, to determine whether a given registrant has infringed the rights of a given trademark holder, and therefore must relinquish ownership of the domain to that mark holder. Where the usage does not give rise to confusion, or is not diluting, the mark holder still may prevail on the grounds that the domain was registered in bad faith.

Trademark-based challenges to domains arise in a variety of contexts. In some cases, the registrant is another, coexisting trademark user, with an arguably equal right to the domain. At the other extreme, the domain may be used by nefarious competitors to divert customers, or by cybercriminals to commit fraud including “phishing” scams. More ambiguous cases have involved unauthorized use by resellers, and use by “domainers” to earn pay-per-click advertising revenues from confused web users. Finally, some cases have involved unofficial “fan” sites and “protest” sites, operated by customers or community members, which raise questions about the balance between protection for trademarks and protected speech. The term “cybersquatting” now transcends the practice of warehousing a domain for future use or resale, and is applied to a wide variety of practices deemed to constitute bad faith which sometimes are termed “cyberpiracy.”

Likelihood of Confusion. The federal Lanham Act sections 32 and 43(a)¹⁴⁸ provide remedies for the infringement of registered and unregistered marks. California law provides similar remedies under Business & Professions Code § 14245. Relief will be granted if the domain name creates a *likelihood of confusion* as to the source, sponsorship, or affiliation of the registrant’s goods and services. As in offline cases, courts apply the traditional multi-factor test, considering the similarity of the asserted mark and domain name in appearance, sound and meaning; the parties’ respective goods, services, and marketing channels; the distinctiveness and renown of the mark; the nature and sophistication of the target customers; and other factors.¹⁴⁹ In many cases, this analysis may fail to establish infringement, either because there is no active website or because the site’s contents are unrelated. Further, even if the analysis establishes infringement, the defendants may successfully invoke a First Amendment defense nullifying any

¹⁴⁸ 15 U.S.C. §§ 1114 and 1125(a).

¹⁴⁹ See, e.g., *Internet Specialties West, Inc. v Milon-Digiorgio Enterprises, Inc.*, 559 F.3d 985 (9th Cir. 2009).

infringement. Accordingly, trademark owners have reached for many other theories of liability to combat cybersquatting.

Initial Interest Confusion. The Court of Appeals for the Ninth Circuit has been especially active in applying the theory of “initial interest confusion” in internet cases. This theory holds that even if a user is no longer confused as to the source of a website once he or she views the page, the *initial* confusion that led him or her there may be actionable. However, in order to obtain relief, the defendant’s site must have the potential for diverting business from the trademark holder’s site due to a similarity in goods and services.¹⁵⁰ There is no *per se* rule that users expecting to find Company X at “companyx.com” have suffered initial interest confusion by making that guess.¹⁵¹

Bad Faith Registration or Use. The Anti-Cybersquatting Consumer Protection Act (“ACPA”)¹⁵² provides a cause of action applicable to a wide variety of domain names deemed to have been registered or used in bad faith. The Uniform Domain Name Dispute Resolution Policy (“UDRP”), which is incorporated into most domain registration agreements under popular gTLDs, requires the registrant to submit to arbitration of trademark-related challenges to the domain. Arbitration is at the election of the mark holder, who may choose instead to proceed in court.

These two legal regimes impose considerably different requirements on mark holders:

ACPA	UDRP
(1) Domain identical or confusingly similar to (or dilutive of) a mark distinctive (famous) at the time the domain was registered;	(1) Domain identical or confusingly similar to complainant’s mark;
(2) Registrant registered, trafficked in, or used the domain with a bad faith intent to profit from the mark	(2) Registrant registered <i>and</i> used the domain in bad faith; and (3) Registrant has no rights or legitimate interests in the domain
Circumstances tending to show bad faith (nonexclusive):	Circumstances tending to show bad faith (nonexclusive):
(V) Intent to divert consumers to a site that could damage goodwill, by creating source or sponsorship confusion either for commercial gain, or with the intent to tarnish/disparage	(i) registered or acquired the domain primarily for the purpose of selling/renting/transferring it to complainant or its competitor for valuable consideration in excess of registrant’s out-of-pocket costs directly

¹⁵⁰ *Interstellar Starship Services Inc. v. Epix Inc.*, 304 F.3d 936, 942-43, 64 U.S.P.Q.2d 1514 (9th Cir. 2002) (parties offered different services to different target markets; EPIX is not highly distinctive).

¹⁵¹ See *id.* at 945.

¹⁵² 15 U.S.C. § 1125(d).

ACPA

the mark;

(VI) Offer to transfer domain for financial gain without making (or having had the intent to make) legitimate commercial use

- or -

prior conduct indicating a pattern of such conduct;

(VII) Providing "material and misleading" false contact information in registering the domain, or intentionally failing to keep it accurate

- or -

prior conduct indicating a pattern of such conduct;

(VIII) Pattern of intentional registration or acquisition of domains confusingly similar to (dilutive of) the distinctive (famous) marks of others – regardless of goods/services

UDRP

related to the domain;

(ii) registered the domain to prevent the TM owner from reflecting the mark in a corresponding domain, *provided* registrant has engaged in a pattern of such conduct;

(iii) registered the domain primarily to disrupt the business of a competitor;

(iv) by using the domain, registrant has intentionally attempted to attract users to its website/other on-line location, for commercial gain, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of its website/location or of a product or service on its website/location

Circumstances tending to show no bad faith, to be balanced with other facts in assessing overall conclusion on bad faith:

(I) TM or other IP rights in the domain

(II) Domain is registrant's legal name or name by which he is commonly known

(III) Prior use of the domain for legitimate commercial activities

(IV) Noncommercial or fair use of the mark at a site hosted under the domain name

Circumstances tending to show rights or legitimate interests (complainant must "prove a negative"):

(i) before any notice of the dispute, registrant used or made demonstrable preparations to use, the domain in connection with a bona fide offering of goods or services;

(ii) registrant has been commonly known by the domain name, even if it has acquired no trademark or service mark rights;

(iii) registrant is making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

Suit may be brought where there is

Arbitration may be filed with one of

ACPA

personal jurisdiction. If *personal* jurisdiction cannot be obtained, then suit may be brought against the domain *in rem* at the site of the registry (for .com domains, Northern Virginia).

Relief may include transfer of the domain, damages (actual, treble, or statutory), costs, and fees

UDRP

three approved providers. The jurisdiction for any appeal by the registrant is either the location of the registrant or of the registry, as elected in the complaint by the complainant.

Relief may include transfer of the domain

Dilution. The Federal Trademark Dilution Act (“FTDA”)¹⁵³ provides remedies for the dilution of famous marks. California law provides similar remedies under Business & Professions Code § 14247. Before the passage of the ACPA, the broad language of the FTDA provided a powerful weapon against cybersquatters; courts almost automatically ordered the transfer of a domain identical to a famous mark. However, with recent revisions to the FTDA that raised the burden of proof, and the ready availability of relief based on the registrant’s bad faith, the FTDA has become much less important in domain disputes.¹⁵⁴

Reverse Domain Name Hijacking. Some mark holders have initiated domain name disputes with an eye toward wresting a domain away from a registrant equally entitled to use it, a practice dubbed “reverse domain name hijacking.” Under the UDRP Rules, arbitration awards may declare a complaint filed in bad faith to constitute an abuse of the process, but no costs or fees may be awarded against the complainant. Under the ACPA, an objectively meritless cybersquatting claim may satisfy the Lanham Act’s “exceptional case” threshold for a fee awards to the registrant.

A more troubling motivation for litigation may be to shut down “protest” websites and other protected speech. While it is important to protect the public from confusion about the sponsorship of such sites, where that clearly is not an issue, tribunals often may be unable to compensate the registrant for the costs of litigation.

Domain Names and Personal Names

The names of individuals, particularly athletes, musicians, and other celebrities, have been popular among cybersquatters and loyal fans alike. Because these names may not yet be protected as trademarks at the time of registration, both Congress and the California legislature have enacted provisions protecting personal names. Both statutes

¹⁵³ 15 U.S.C. § 1125(c).

¹⁵⁴ See 4 J.T. McCarthy, *McCarthy on Trademarks* §24:71 (2008).

create exemptions for the names of literary characters, to avoid any conflict with copyright law.

The scope of protection under the ACPA is somewhat narrow: relief is available only when a domain constitutes the name of a living individual and was registered with the specific intent to resell the domain.¹⁵⁵ By contrast, California law protects both living individuals and deceased personalities, and applies a flexible balancing test for bad faith similar to the test applied to trademark claims under the ACPA.¹⁵⁶

Domain Names as Property

Courts have differed over whether a registrant has as a property right in a domain name or merely a covenant to provide DNS services for the term of the registration agreement. There can be little doubt that domains can accumulate good will and often have substantial resale value. Accordingly, a registrant's interest typically will be protected against wrongful conversion.

¹⁵⁵ 15 U.S.C. § 1129.

¹⁵⁶ Cal. Bus. & Prof. Code § 17525 et seq.